

Example:

A donor, age 65 wishes to support the building project for her local charity. She desires to make a pledge of \$5,000 out of pocket to support the project. She wishes to do this over a four year span of the proposed campaign. She has said she would consider increasing her pledge should you be able to show her how she can give a larger sum for less money out of pocket. Here is an illustration of how she could double her pledge and pay less out of pocket for her gift:

TOTAL PLEDGE = \$10,000... Payable at \$2,500 per year.

Year 1: Gift \$2,500 Charitable Deduction Value = \$2,465

MT Tax Credit: \$986\*

Fed. Tax Savings (15% bracket) \$370

Total Tax Savings \$1,356

Similar values will apply in years 2, 3, and 4:

TOTAL GIFT = \$10,000

TAX SAVINGS = \$5,424

HER OUT OF POCKET COST = \$4,576

Ms. Donor will save \$4,576 out of pocket costs with respect to her original intention to give \$5,000 to the campaign, but she will have doubled her gift amount to \$10,000. Her tax savings of \$5,424 are made possible through the advantages of Federal & Montana tax laws that support this form of gifting.

\* The value of the tax credit is determined to 40% of the Federal charitable deduction qualified by the charitable gift. The credit can be claimed only in the year of and for the total endowed amount gifted during that year.

The maximum that can be claimed by a tax payer is \$10,000 per year.

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